



STATE OF CALIFORNIA

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## **High Costs of College Equal Frustrated Parents 529 Plans Can be the Solution**

State employees have a little known benefit available to them through payroll deduction that is a simple, yet effective way to take care of one of the largest financial burdens —college tuitions.

The reality of paying for a loved one's college expenses can be daunting. That's why California started ScholarShare in 1999, the state-sponsored 529 program. These plans are a way to save for your children's inevitably expensive trip to college, while keeping the money income tax-free\*. And one of its best features is that state employees can open a 529 account for as little as \$15 a month, \$10 less than non-qualified state employees.

Here's how it works:

Under the Golden State ScholarShare College Savings Trust, an account is opened on behalf of a designated beneficiary. The money contributed to the account is placed in one of, or a combination of, five investment options, chosen to meet his or her investment needs and risk. The five investment options are: Age-Based Asset Allocation Option, which is heavily weighted toward equities for younger children and moves into bonds and money market instruments as the student nears college age; Aggressive Age-Based Asset Allocation Option, which has more exposure to equities for younger children than the Age-Based Asset Allocation Option; the Guaranteed Option, a 100 percent Equity Option comprised of domestic and international stock mutual funds, and a Social Choice Equity Option featuring investments in socially responsible companies. Except for the Guaranteed Option\*\*, neither principal nor investment return is guaranteed and account value will fluctuate.

The program offers federal and California income tax-free treatment\* for qualified withdrawals from a ScholarShare Account. A qualified withdrawal is one that is used to pay for qualified higher education expenses at any eligible postsecondary educational institution throughout the U.S. (and even some outside the U.S.) including many vocational schools.

The payroll deduction program has been set up to make it much easier for people to start a 529 account to save for your children's future.

So, while college costs seem on an inevitably steep rise, there is a way to put away enough money to create a bright future for your children. For more information about ScholarShare, you can go online at <http://www.scholarshare.com> and download and print the STATE PAYROLL form, or you can call 1 877 728-4338 for a copy of the form.

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\*The law allowing federal tax-free qualified withdrawals is set to expire on December 31, 2010. Congress may or may not extend the law beyond this date.

\*\*This guarantee is made to the ScholarShare Trust for the benefit of account owners invested in the Guaranteed Option, but it is not made directly to the account owners. The Guaranteed Option provides the ScholarShare Trust a guarantee of principal and a minimum annual return of 3 percent plus the opportunity for additional return.

*Investment Management and Program Administration by TIAA-CREF Tuition Financing, Inc.*

*The ScholarShare Program Disclosure Booklet should be read carefully before opening an Account. The State of California, its agencies, the ScholarShare Investment Board, TIAA-CREF Tuition Financing, Inc., Teachers Insurance and Annuity Association of America (TIAA) and its affiliates do not insure any Account or guarantee its principal or investment return (except for the guarantee of TIAA-CREF Life Insurance Company to the ScholarShare Trust under the funding agreement for the Guaranteed Option). Account value will fluctuate based upon a number of factors, including general financial market conditions. Teacher Personal Investors Services, Inc., distributor.*

*If you are not a California resident or if you have taxable income in another state, consider whether that other state offers a 529 plan with favorable state income tax or other benefits not available if you invest in California's 529 plan.*